

**Act**  
**on the Implementation of the Single Payment Scheme**  
**(557/2005)**

**Chapter 1 — General provisions**

*Section 1 — Scope and relationship to other legislation*

- (1) This Act applies to the implementation of the reform of the Common Agricultural Policy of the European Community insofar as it is not separately provided for in European Community legislation or in the Act on Implementation of the Common Agricultural Policy of the European Community (1190/1994).
- (2) This Act applies to the administration of the Payment Entitlement Register insofar as it is not separately provided for in the Act on the Rural Business Register (1595/1994).

*Section 2 — Definitions*

In this Act:

- 1) the *Single Payment Scheme* is the single payment scheme established in Title III of Council Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and amending Regulations (EEC) No 2019/93, (EC) No 1452/2001, (EC) No 1453/2001, (EC) No 1454/2001, (EC) 1868/94, (EC) No 1251/1999, (EC) No 1254/1999, (EC) No 1673/2000, (EEC) No 2358/71 and (EC) No 2529/2001, hereinafter the *SPS Regulation*;
- 2) the *hybrid model* is a model of payment in the reformed scheme where payments to farms are a combination of a flat-rate payment and farm-specific top-ups;
- 3) the *dairy premium* is the dairy premium referred to in Article 95 of the SPS Regulation;
- 4) the *bull and steer premium* is the special premium referred to in Article 123 of the SPS Regulation;
- 5) the *set-aside entitlement* is the entitlement per hectare granted to a farmer under Article 53 and Article 63(2) of the SPS Regulation; and
- 6) the *payment entitlement subject to special conditions* is the entitlement referred to in Articles 47 and 48 of the SPS Regulation.

**Chapter 2 — Implementation of the Single Payment Scheme**

*Section 3 — The hybrid model and form of implementation*

- (1) The Single Payment Scheme is introduced on 1 January 2006 and the Farm Advisory Scheme on 1 January 2007.
- (2) In the hybrid model, the payment entitlement consists of a flat-rate payment and an eventual farm-specific top-up, in addition to which there may be set-aside entitlements and payment entitlements subject to special conditions. Entitlements may include the entitlement referred to in Article 60 of the SPS Regulation in cases provided for in more detail by Government Decree. The farm-specific top-up will be established for farms which received a bull and steer premium in the 2000-2002 reference period, for

farms which received payments for starch potato in the 2000-2002 reference period, for farms entitled to a dairy premium on 31 March 2006, and for farms which are entitled to receive a farm-specific top up out of the national reserve. Further provisions on the implementation of the reform and its timetable may be laid down by Government Decree.

- (3) The farm-specific top-up will include 100% of the dairy premium, 30% of the bull and steer premium, and 40% of the starch production aid not coupled to the production. The top-ups will remain unchanged in 2006-2010. In 2011-2013, the top-ups will amount to 70% of the original, and in 2014 and 2015 to 35% of the original. As of 2016, supplements will not be paid. Further provisions on the transition period, the degression of the top-ups and of the payment entitlements subject to special conditions, and the corresponding increase of the flat-rate payments may be laid down by Government Decree.
- (4) The payments arising from the dairy premium referred to in Article 62 of the SPS Regulation and its supplements will be wholly included in the Single Payment Scheme as of 2006.
- (5) Provisions on the payments under Articles 67-70 of the SPS Regulation, the grounds for granting payments, the unit values of the payments and other terms for such payments are laid down by Government Decree.

#### Section 4 — *Ceilings, regions and reference amounts*

- (1) The national ceiling will be allocated regionally in accordance with the payments calculated on the basis of production eligible for EU income support in 2000-2002. In the case of milk production, the payments are established on the grounds of the farm-specific reference quantity for milk on 31 March 2006.
- (2) The flat-rate payment will be confirmed for eligible hectares declared by farmers in the application process for payment entitlements in 2006 in the relevant region.
- (3) Provisions on regional ceilings, regional flat-rate payments and the regions referred to in Article 58 of the SPS Regulation are laid down by Government Decree.
- (4) The grounds for calculating reference amounts as referred to in the SPS Regulation and in Commission Regulation (EC) No 795/2004 laying down detailed rules for the implementation of the single payment scheme provided for in Council Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers, hereinafter *Commission Regulation II*, are confirmed by Government Decree.

#### Section 5 — *National reserve*

- (1) The national reserve will be administered at the national level.
- (2) The national reserve will consist of a certain percentage of the national ceiling, to be confirmed by Government Decree. Even after confirmation, linear reduction of entitlements must proceed in accordance with Article 42(7) of the SPS Regulation in case the national reserve is not sufficient to cover the granting of entitlements and reference amounts in the cases referred to in Article 42(3-4) of the SPS Regulation. Provisions on the reduction of entitlements specifying the provisions of the SPS Regulation and Commission Regulation II may also be laid down by Government Decree in case the national reserve is not sufficient.
- (3) Entitlements may revert to the national reserve or their unit value may be reduced in favour of the national reserve as referred to in Article 42(9) and Article 46(3) of the SPS Regulation and Articles 9, 10, 44 and 45 of Commission Regulation II. Further provisions on the cases where entitlements revert to the national reserve or their value

is reduced in favour of the national reserve referred to in these Articles are laid down by Government Decree.

#### Section 6 — *Permanent pasture*

Provisions on the obligation to retain land under permanent pasture, on the grounds for farm-specific obligations not to convert land under permanent pasture due to Article 4 of Commission Regulation (EC) No 796/2004 laying down detailed rules for the implementation of cross-compliance, modulation and the integrated administration and control system provided for in Council Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers, hereinafter *Commission Regulation I*, on the grounds for granting advance permission, on the grounds for obligations to re-convert land to permanent pasture, and on other similar matters related to permanent pasture, specifying the provisions of the SPS Regulation and Commission Regulations I and II, are laid down by Government decree.

#### Section 7 — *Monitoring of statutory management requirements*

Employment and Economic Development Centres supervise the compliance with the Nature Conservation Act (1096/1996) and the Hunting Act (615/1993) insofar as this concerns the monitoring of statutory management requirements referred to in Article 4 of the SPS Regulation. Further provisions on monitoring of the statutory management requirements referred to in the SPS Regulation are laid down by Government Decree.

### Chapter 3 — **Payment entitlements and set-aside entitlements**

#### Section 8 — *Granting and confirming payment entitlements*

- (1) A farmer can be granted payment entitlements if the farmer demonstrates, observing the procedure to be laid down in more detail by Government Decree, that at the time of lodging the application for payment entitlements he or she is a farmer as defined in Article 2(a), and if he or she declares eligible hectares in the application for the first year of implementation. Provisions on the period which the land parcels must be at the farmer's disposal and specifying the provisions concerning the SPS Regulation and Commission Regulations I and II for the part of the conditions for eligibility may be laid down by Government Decree.
- (2) A farmer requesting confirmation of payment entitlements must have a minimum of 0.3 hectares of arable land. However, this minimum will not be confirmed in the case of payment entitlements subject to special conditions.
- (3) The number of eligible hectares and other numbers of hectares referred to in the SPS Regulation and Commission Regulations I and II may be confirmed by Government Decree.
- (4) The national reserve shall be used to confirm reference amounts for farmers finding themselves in a special situation referred to in Article 42(4) of the SPS Regulation. Also, the national reserve can be used to grant reference amounts to farmers who have commenced their agricultural activity after 31 December 2002, or in 2002 without receiving any direct payments in that year. Reference amounts can also be confirmed for farmers in areas subject to restructuring and/or development programmes relating to one or the other form of public intervention in order to avoid abandoning of land and/or in order to compensate farmers for specific disadvantages in those areas. Provisions on the use of the national reserve specifying the provisions

of the SPS Regulation and Commission Regulation II may be laid down by Government Decree.

- (5) Further provisions on the grounds for the amount of entitlements to be allocated to farmers and for raising the unit value in cases referred to in Article 42(3-5) of the SPS Regulation and in Chapter 3 Section 3 of Commission Regulation II may be laid down by Government Decree.
- (6) A regional average based on the value of payment entitlements granted to farmers in that region is confirmed and the date when the regional average is to be confirmed are laid down by Government Decree.

#### Section 9 — *Land parcels at the farmer's disposal*

For each year, a farmer can select the starting point of the ten-month period referred to in Article 44(3) of the SPS Regulation between 1 February and 30 April.

#### Section 10 — *Use and transfer of payment entitlements*

- (1) A farmer who has payment entitlements subject to special conditions can derogate from the obligation to provide a number of eligible hectares equivalent to the number of entitlements on the condition he or she maintains at least 50 per cent of the agricultural activity exercised in the reference period expressed in livestock units. Further provisions on the grounds for defining the 50-per-cent rule may be laid down by Government Decree.
- (2) The regions within which payment entitlements may be transferred under Article 63(1) of the SPS Regulation will be considered to be the same as the regions referred to in Article 58 of the SPS Regulation.
- (3) The transferor of payment entitlements must notify the competent Employment and Economic Development Centre of the transfer within a period of time to be determined by Government Decree. Further provisions concerning the conditions for the transfer of payment entitlements specifying the provisions of the SPS Regulation and Commission Regulation II may be laid down by Government Decree.
- (4) The Employment and Economic Development Centre is entitled to perform recovery of undue payments in the cases referred to in Article 73 a of Commission Regulation I. Provisions on the procedure for the recovery of undue payments can be laid down by Government Decree.
- (5) If a farmer has leased arable land eligible for payment entitlements and transfers payment entitlements confirmed for that land to the lessor without charge, this transfer will not be considered a gift referred to in to the Act on Inheritance and Gift Tax (378/1940) in cases where the transfer of payment entitlements takes place at the end of the lease period which is valid on 28 April 2006, but no later than 31 December 2016.

#### Section 11 — *Farm transfer to the next generation*

In addition to the provisions laid down in section 1(1) of the Code of Inheritance (40/1965), the following shall, in applying Article 33(1)(b) and Article 43(1)(1) of the SPS Regulation, be considered an anticipated inheritance if conducted in or after 2003:

- 1) sale of a farm or part thereof for the funding of which a subsidy or a loan or both under the setting up aid for young farmers has been granted;
- 2) sale of a farm where the buyer is the seller's direct descendant, sister or brother, sister's or brother's direct descendant, adopted child, or the spouse of any of the above, if the sale price is substantially lower than it would have been had the seller and buyer not been related as described above; and

3) sale of part of a farm conducted under Chapter 25 section 1b(3) of the Code of Inheritance.

#### Section 12 — *Set-aside entitlements*

- (1) Regional set-aside obligation percentages will be confirmed by Government Decree. Set-aside land may be planted with seed as of 15 July in accordance with environmental considerations to be confirmed separately by Government Decree.
- (2) Provisions on the action referred to in Article 54(5) of the SPS Regulation to prevent any significant increase in the total agricultural area eligible to set-aside entitlements may be laid down by Government Decree.
- (3) A percentage to be confirmed by Government Decree of the costs associated with establishing multiannual crops intended for biomass production on set-aside land may be paid as national aid if necessary. However, this percentage may be no more than 50 per cent.

### Chapter 4 — **Payment Entitlement Register**

#### Section 13 — *Establishing the Register*

The existing data in the Rural Business Register may be used for establishing the Payment Entitlement Register. Registering to the Payment Entitlement Register is free of charge.

#### Section 14 — *Keeper, users and purpose of the Register*

The Information Centre of the Ministry of Agriculture and Forestry is responsible for keeping the Payment Entitlement Register. The Ministry of Agriculture and Forestry, the Information Centre of the Ministry of Agriculture and Forestry, the Rural Departments of the Employment and Economic Development Centres and the municipal rural business authorities have the right to retrieve data from the Register, confidentiality provisions notwithstanding, in cases involving verification of entitlements and cross-checks under Article 21 of the SPS Regulation or any other entitlement administration procedure required in the SPS Regulation.

#### Section 15 — *Data entered in the Register*

- (1) The following data may be entered in the Register:
  - 1) farm identification data;
  - 2) payment entitlement holder and owner: contact information, personal identity number or company code;
  - 3) payment entitlement type and value;
  - 4) payment entitlement granting date;
  - 5) date of latest activation of payment entitlement;
  - 6) change in possession of payment entitlement;
  - 7) payment entitlements reverting to the reserve and distribution from the reserve;
  - 8) origin of payment entitlement; and
  - 9) regional restrictions.
- (2) Other data may be entered in the Register if Community legislation so requires and if the data is essential for the administration of the Payment Entitlement Register.

#### Section 16 — *Access to the Register and delivery of data from the Register*

Access to the Register, delivery of data from the Register and the charges levied on such delivery are governed by the Act on the Openness of Government Activities (621/1999) and, insofar as personal data is involved, the Personal Data Act (523/1999), as appropriate.

#### Section 17 — *Rectification of data in the Register*

The provisions of section 29 of the Personal Data Act apply to the rectification, erasure and supplementing of erroneous, unnecessary, incomplete or obsolete personal data in the Register. Erroneous data must be marked as erroneous, and such data can be retained for a period of five years from the date on which the error was noted, if retention is necessary in order to safeguard the rights of the registree, the keeper of the Register or any other party. Such data can only be used for the purpose of safeguarding these rights. However, if Community legislation requires retention of data for longer than five years, these provisions shall be complied with as appropriate.

#### Section 18 — *Preserving the data*

Data is preserved in the Register for the period of time required in the Community legislation or for as long as they are necessary for the administration of payment entitlements under the SPS Regulation.

### Chapter 5 — **Miscellaneous provisions**

#### Section 19 — *Further provisions*

- (1) Further provisions on the administration of the Payment Entitlement Register and the implementation of the farm advisory system may be laid down by Government Decree.
- (2) Provisions further specifying the provisions of this Act on matters which in Community regulations have been left to the competence of the Member States may be laid down by Government Decree as necessary.

#### Section 20 — *Entry into force and transitional provisions*

- (1) This Act enters into force on 1 August 2005.
- (2) Measures necessary for the implementation of this Act may be undertaken before its entry into force.
- (3) Payment entitlements which involve entitlements other than those referred to in Article 60 of the SPS Regulation and which have been granted under this Act to a farmer holding agricultural land under a land lease contract concluded before the entry of this Act into force will be transferred to the lessor on expiry of the lease period unless the lease is extended, or the lessor and lessee have otherwise agreed, and if the lessor for reasons beyond his or her control does not receive payment entitlements from the national reserve.
- (4) In the case referred to in subsection 3 above, the lessor must compensate the lessee annually after the expiry of the lease during the transition period referred to above in section 3(3) for the difference per hectare between the regional flat-rate payment entitlement and the payment entitlement with top-up confirmed for the lessee, unless the lessor and lessee otherwise agree.